

GLENWOOD COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2008

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Glenwood Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2007 election)		
Linda Young	President	2008
Nancy Krogstad	Vice President	2008
Theresa Romens	Board Member	2007
Frank Overhue	Board Member	2009
Bill Agan	Board Member	2009
Board of Education		
(After September 2007 election)		
Linda Young	President	2008
Theresa Romens	Vice President	2011
Nancy Krogstad	Board Member	2008
Frank Overhue	Board Member	2009
Bill Agan	Board Member	2009
School Officials		
Dewitt Sibley	Superintendent	2008
Judy Picker	District Secretary/Treasurer and Business Manager	2008
Rick Franck	Attorney	2008

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Glenwood Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Glenwood Community School District, Glenwood, Iowa as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Glenwood Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 5, 2009 on our consideration of the Glenwood Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 14 and 37 through 38 are not required parts of the basic financial statements, but are supplementary

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information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Glenwood Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for four years ended June 30, 2007 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 10, including the accompanying Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Nolte, Cornman & Johnson PC
NOLTE, CORNMAN & JOHNSON, P.C.

January 5, 2009

GLENWOOD COMMUNITY SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

The discussion and analysis of Glenwood Community School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

- The District passed a \$19,700,000 Bond Issue to build a new high school on March 28, 2006. A second bond issue in the amount of \$8,275,000 was sold in June 2007. The District decided to wait until January 2009 to sell the remaining \$1,000,000 bond.
- Construction delays based on related weather issues enabled the District earn more interest on the dollars being used for the new high school construction. The additional interest will help fund the remainder of the project.
- The District purchased the "Old Skating Rink located at 501 Tyson Street from Jim & Monica Hughes. After negotiations with the Glenwood Wrestling Club, it was approved to move the wrestling program from the new high school site to the "Old Skating Rink".
- The District set the cash reserve levy at \$459,166 to help with cash flow.
- The District purchased a Computer Lab for the high school with Local Option Sales and Services Tax dollars.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different view of the district:

- The first two statements are district-wide financial statements that provide both Short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

- Proprietary funds statements offer short and long term financial information about the activities the District operates like businesses, such as Food Service and Day Care.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

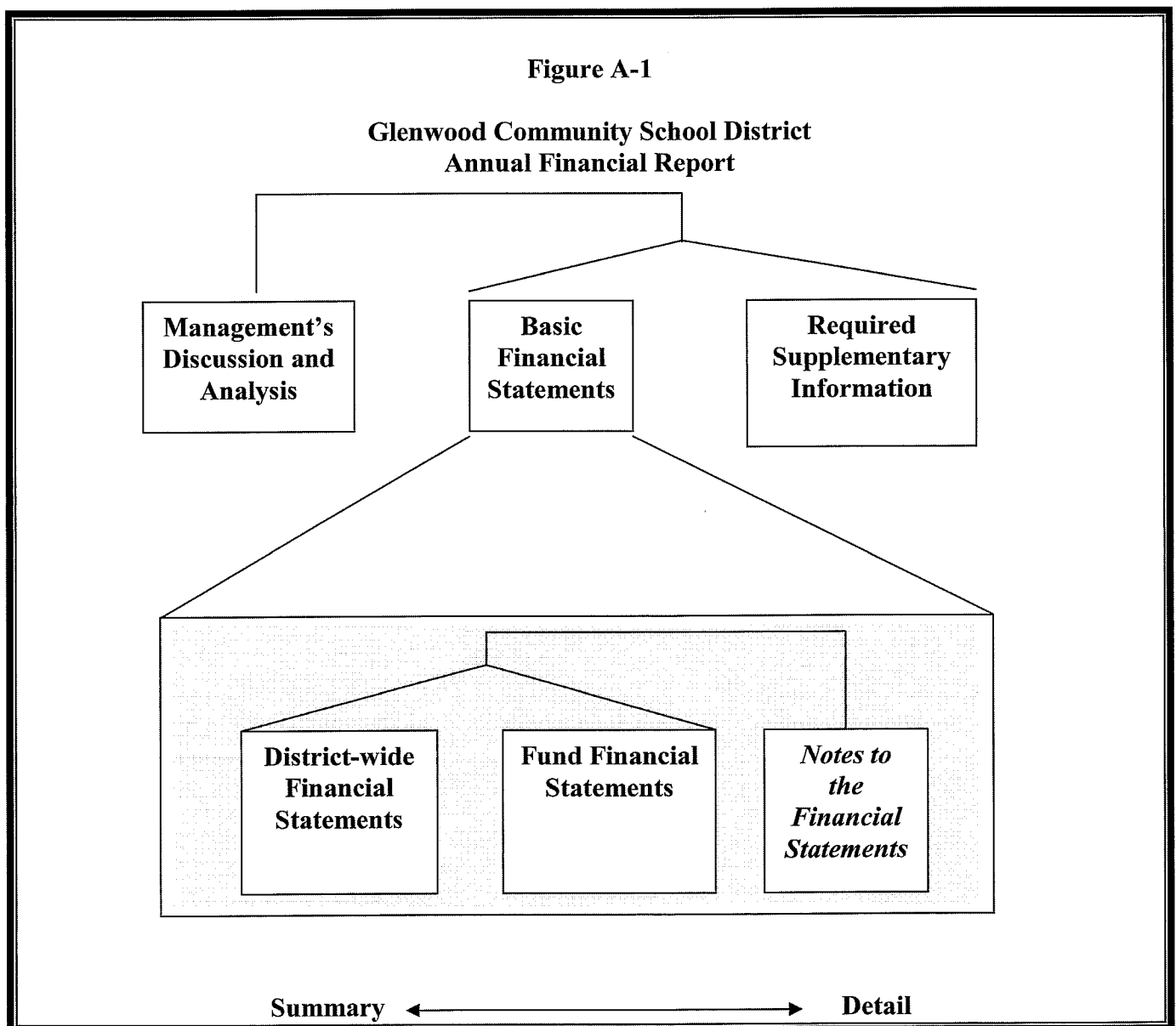


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of the management discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2
Major Features of the District-Wide and Fund Financial Statements

	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Propriety Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term’ funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Financial Statements

The District-wide statements report information about the district as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The District-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities - are one way to measure the District's financial health or position.

- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school building and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these areas.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service programs and day care would be included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources

that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds*, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The School District as a Whole

Net assets. The District's combined net assets were as follows:

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2008	2007	2008	2007	2008	2007	2007-08
Current and other assets	\$ 24,901,924	31,285,953	519,578	537,433	25,421,502	31,823,386	-20.12%
Capital assets	22,289,877	14,356,306	88,950	92,764	22,378,827	14,449,070	54.88%
Total assets	47,191,801	45,642,259	608,528	630,197	47,800,329	46,272,456	3.20%
Long-term obligations	20,378,923	21,514,970	0	0	20,378,923	21,514,970	-5.28%
Other liabilities	9,463,768	8,745,141	46,129	39,352	9,509,897	8,784,493	8.26%
Total liabilities	29,842,691	30,260,111	46,129	39,352	29,888,820	30,299,463	-1.37%
Net assets:							
Invested in capital assets, net of related debt	10,845,806	9,295,359	88,950	92,764	10,934,756	9,388,123	16.47%
Restricted	3,774,215	3,457,914	0	0	3,774,215	3,457,914	9.15%
Unrestricted	2,729,089	2,628,875	473,449	498,081	3,202,538	3,126,956	2.42%
Total net assets	\$ 17,349,110	15,382,148	562,399	590,845	17,911,509	15,972,993	12.14%

Figure A-4
Change in Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2008	2007	2008	2007	2008	2007	2007-08
Revenues:							
Program revenues:							
Charges for services	\$ 2,026,050	1,932,756	910,120	917,573	2,936,170	2,850,329	3.01%
Operating grants and contributions and restricted interest	2,283,719	1,855,283	639,703	589,768	2,923,422	2,445,051	19.56%
Capital grants and contributions and restricted interest	637,843	1,028,574	0	0	637,843	1,028,574	-37.99%
General revenues:							
Property tax	6,938,372	6,387,663	0	0	6,938,372	6,387,663	8.62%
Local option sales and services tax	575,209	619,318	0	0	575,209	619,318	-7.12%
Unrestricted state grants	8,668,526	8,207,426	0	0	8,668,526	8,207,426	5.62%
Unrestricted investment earnings	854,947	622,168	13,444	7,319	868,391	629,487	37.95%
Other	61,968	84,416	0	0	61,968	84,416	-26.59%
Transfers	(2,693)	0	0	1,977	(2,693)	1,977	-236.22%
Total revenues and transfers	22,043,941	20,737,604	1,563,267	1,516,637	23,607,208	22,254,241	6.08%
Program expenses:							
Governmental activities:							
Instructional	12,283,861	11,166,597	0	0	12,283,861	11,166,597	10.01%
Support services	5,410,266	5,316,741	0	0	5,410,266	5,316,741	1.76%
Non-instructional programs	0	0	1,591,713	1,439,807	1,591,713	1,439,807	10.55%
Other expenses	2,382,852	1,502,896	0	0	2,382,852	1,502,896	58.55%
Total expenses	20,076,979	17,986,234	1,591,713	1,439,807	21,668,692	19,426,041	11.54%
Changes in net assets	1,966,962	2,751,370	(28,446)	76,830	1,938,516	2,828,200	-31.46%
Beginning net assets	15,382,148	12,630,778	590,845	514,015	15,972,993	13,144,793	21.52%
Ending net assets	\$ 17,349,110	15,382,148	562,399	590,845	17,911,509	15,972,993	12.14%

In fiscal 2008, property tax and unrestricted state grants account for 70.8% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.1% of the revenue from business type activities.

The District's total revenues were approximately \$23.6 million of which \$22.0 million was for governmental activities and approximately \$1.6 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 6.08% increase in revenues and an 11.54 % increase in expenses. The increase in expenses was a result of the increases in the negotiated salaries and benefits.

Figure A-5

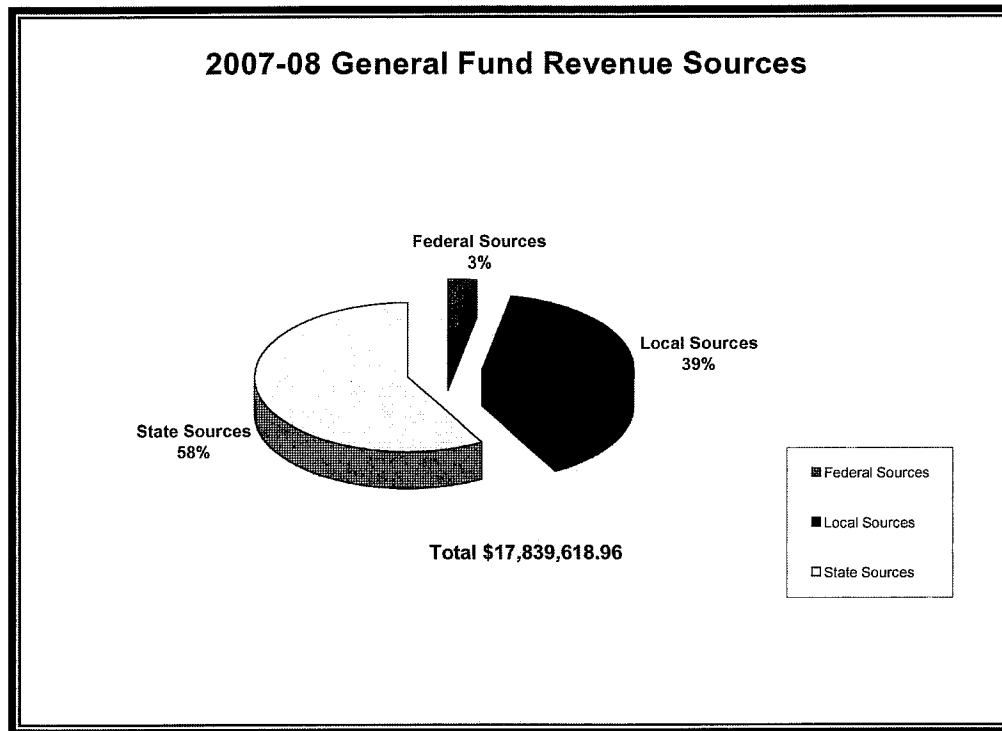
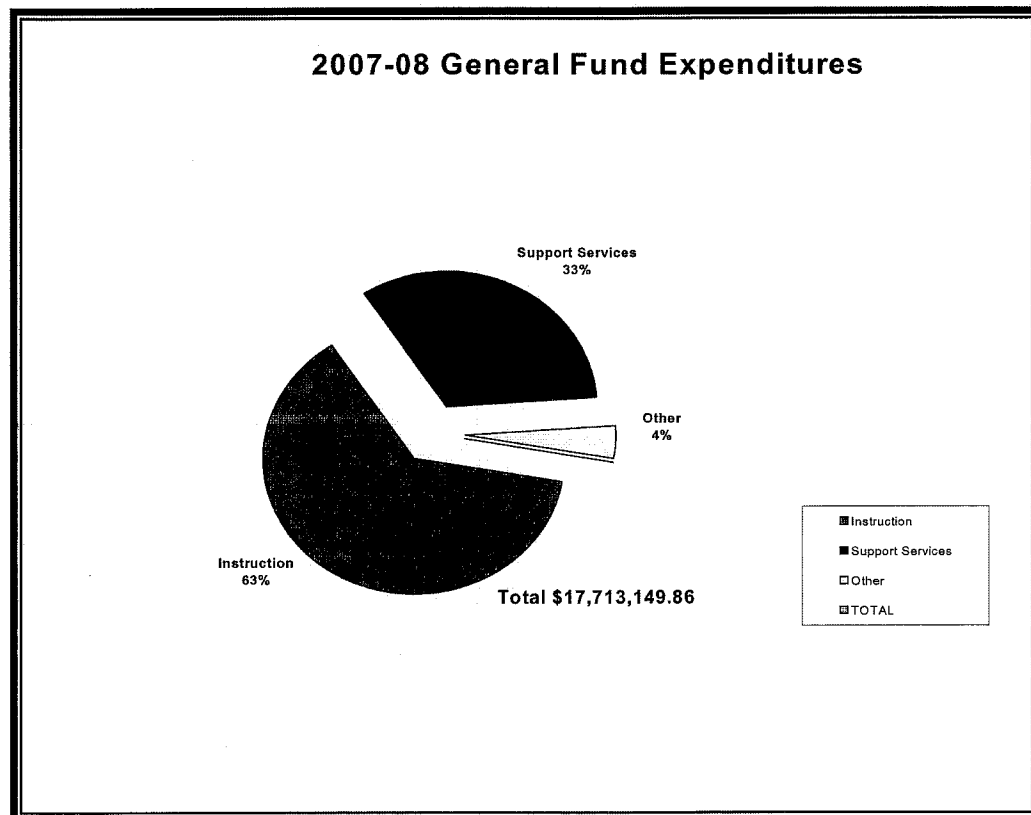


Figure A-6



Governmental Activities

Revenues for governmental activities were \$22,043,941 while expenses amounted to \$20,076,979.

Figure A-7 presents the total cost and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-7
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-08	2008	2007	Change 2007-08
Instruction	\$ 12,283,861	11,166,597	10.01%	8,735,591	8,092,279	7.95%
Support services	5,410,266	5,316,741	1.76%	5,333,754	5,224,717	2.09%
Other expenses	2,382,852	1,502,896	58.55%	1,060,022	(147,375)	-819.27%
Totals	\$ 20,076,979	17,986,234	11.62%	15,129,367	13,169,621	14.88%

The cost financed by users of the District programs was \$2,026,050.

Federal and state governments subsidized certain programs with grants and contributions totaling \$2,921,562.

The net cost of governmental activities was financed with \$6,938,372 in property tax, \$575,209 in local option sales and service tax, \$8,668,526 in unrestricted state grants and \$854,947 in interest income.

Business-Type Activities

Revenues of the District's business-type activities increased from \$1,516,637 to \$1,563,267 while expenses increased also from \$1,439,807 to \$1,591,713. The District's business-type activities include the School Nutrition Fund and Day Care. Revenues of these activities were comprised of charges for services, federal and state reimbursements, grants and investment income.

Financial Analysis of the District's Funds

As previously noted, the Glenwood Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$15,542,590 a decrease of \$7,112,180 below last year's ending fund balances of \$22,654,770. The primary reason for the decrease in combined fund balances in fiscal 2008 was due to the expenditures of the building project and technology purchases from the Local Option Sales Tax funds.

Governmental Fund Highlights

- The General Fund balance increased from \$2,793,347 to \$2,919,817 due to making some personnel cuts and using the Local Option Sales Tax funds to purchase technology.
- The Physical Plant and Equipment Levy (PEEL) Fund balance decreased from \$384,921 to \$377,644 in preparation for upcoming roof projects.
- The Capital Projects Fund balance decreased from \$18,466,025 to \$11,135,832 because of the increased expenditures for the new high school project and the purchase of the Old Skating Rink building.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$454,884 in fiscal 2007 to \$526,925 in fiscal 2008, representing an increase of approximately 15.8% percent. The District belongs to the Iowa Consortium for purchasing food supplies which helped with the savings increase.

Kids Place Day Care program continues to be a challenge to operate as a self sufficient program.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis.

General Fund Budgetary Highlights

- The District's General Fund actual revenues and related instruction expenditures vary from the adopted budget because the District uses the procedure of adopting the maximum authorized budget and pertains to the General Fund of the district. The unspent balance is a budgetary concept and does not mean the "actual General Fund cash". It is imperative for users of District financial information to make this important distinction. The unspent balance is the amount of spending authority that is carried over into the next fiscal year. The unspent balance is a budgetary carryover and does not represent actual dollars (General Fund cash) or actual financial position (unreserved, undesignated General Fund balance) of the District.
- The District's General Fund total actual receipts of \$17,839,619 were \$132,788 less than the total budgeted receipts of \$17,972,407. In conjunction with the Districts budgeting practice the most significant change resulted in the District receiving a decrease in tuition and transportation receipts and state funding.
- The School District uses a site-based budget. The budgeting systems are designed to tightly control total site budgets, but provide flexibility for site management.

- General Fund revenues and other financing sources were more than expenditures and other financing uses by approximately \$126,470. The solvency ratio position of the School District is 11.82% which is over the targeted solvency position recommended by the state of 5% to 10%.

Capital Assets and Debt Administration

Capital Assets

By the end of fiscal 2008, the District had invested \$22,378,827, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, equipment and transportation equipment. This amount represents an increase from last year. Depreciation expense for the year was \$497,963.

The original cost of the District's capital assets was \$29.41 million. Governmental funds account for \$29.07 million with the remainder of \$ 0.34 million in the Proprietary, School Nutrition Fund and Day Care.

Figure A-8
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2008	2007	2008	2007	2008	2007	2007-08
Land	\$ 605,599	605,599	0	0	605,599	605,599	0.00%
Construction in progress	10,557,184	2,334,361	0	0	10,557,184	2,334,361	352.25%
Buildings	10,584,669	10,842,213	0	0	10,584,669	10,842,213	-2.38%
Land improvements	51,520	64,761	0	0	51,520	64,761	-20.45%
Machinery and equipment	490,905	509,372	88,950	92,764	579,855	602,136	-3.70%
Total	\$ 22,289,877	14,356,306	88,950	92,764	22,378,827	14,449,070	54.88%

Long-Term Debt

At year-end, the District had \$20,378,923 in general obligation debt and other long-term debt outstanding. This represents a decrease of approximately 5.3% percent from last year.

Figure A-9
Outstanding Long-Term Obligations

	Total School District		Total Change
	2008	2007	
General obligation bonds	\$ 20,300,000	21,030,000	-3.5%
Capital loan notes	0	305,000	-100.0%
Bus loans	0	56,140	-100.0%
Early retirement	39,476	95,208	-58.5%
Compensated absences	39,447	28,622	37.8%
Totals	\$ 20,378,923	21,514,970	-5.3%

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future.

- Salary and benefit settlements, with any employee group, exceeding the rate of growth of state funding will have an adverse impact upon the District's General Fund budget.
- The state aid funding of 4% Allowable Growth is too low for the education needs of our district.
- Health insurance cost has had and will continue to impact the District.
- The number of open enrollment students leaving the district is extremely high.
- The need to pass the Instructional Support Levy.
- The increase in transportation and utility costs.
- Mandates of No Child Left Behind.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Shirley Lundgren, District Secretary/Treasurer and Business Manager, Glenwood Community School District, 103 Central, Suite 300, Glenwood, Iowa 51534.

BASIC FINANCIAL STATEMENTS

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 15,705,582	445,080	16,150,662
Receivables:			
Property tax:			
Delinquent	96,285	0	96,285
Succeeding year	6,925,586	0	6,925,586
Accounts	24,825	7,501	32,326
Due from other governments	1,408,039	17,348	1,425,387
Inventories	741,607	49,649	791,256
Capital assets, net of accumulated depreciation(Note 4)	22,289,877	88,950	22,378,827
TOTAL ASSETS	47,191,801	608,528	47,800,329
LIABILITIES			
Accounts payable	1,050,343	479	1,050,822
Salaries and benefits payable	1,381,722	28,330	1,410,052
Accrued interest payable	106,117	0	106,117
Deferred revenue:			
Succeeding year property tax	6,925,586	0	6,925,586
Unearned revenue	0	17,320	17,320
Long-term liabilities(Note 5):			
Portion due within one year:			
Bonds payable	745,000	0	745,000
Early retirement payable	39,476	0	39,476
Compensated absences payable	39,447	0	39,447
Portion due after one year:			
Bonds payable	19,555,000	0	19,555,000
TOTAL LIABILITIES	29,842,691	46,129	29,888,820
NET ASSETS			
Investment in capital assets, net of related debt	10,845,806	88,950	10,934,756
Restricted for:			
Community grants	22,025	0	22,025
Beginning teacher mentoring	1,823	0	1,823
Salary improvement program	316	0	316
Market factor	8,568	0	8,568
Market factor incentives	14,115	0	14,115
Management levy	635,814	0	635,814
Physical plant and equipment levy	377,644	0	377,644
Capital projects	2,279,903	0	2,279,903
Debt service	296,047	0	296,047
Other special revenue purposes	137,960	0	137,960
Unrestricted	2,729,089	473,449	3,202,538
TOTAL NET ASSETS	\$ 17,349,110	562,399	17,911,509

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Contributions and Restricted Interest	Contributions and Restricted Interest	Govern- mental Activities	Business- Type Activities	Total
Functions/Programs						
Governmental activities:						
Instruction:						
Regular instruction	\$ 7,222,756	451,887	1,483,708	0	(5,287,161)	0 (5,287,161)
Special instruction	3,362,616	1,160,564	108,844	0	(2,093,208)	0 (2,093,208)
Other instruction	1,698,489	343,267	0	0	(1,355,222)	0 (1,355,222)
	12,283,861	1,955,718	1,592,552	0	(8,735,591)	0 (8,735,591)
Support services:						
Student services	471,484	0	0	0	(471,484)	0 (471,484)
Instructional staff services	411,946	0	0	0	(411,946)	0 (411,946)
Adminstration services	2,152,557	0	0	0	(2,152,557)	0 (2,152,557)
Operation and maintenance of plant services	1,465,393	0	0	0	(1,465,393)	0 (1,465,393)
Transportation services	908,886	70,332	6,180	0	(832,374)	0 (832,374)
	5,410,266	70,332	6,180	0	(5,333,754)	0 (5,333,754)
Other expenditures:						
Facilities acquisitions	546,051	0	0	637,843	91,792	0 91,792
Long-term debt interest	851,029	0	0	0	(851,029)	0 (851,029)
AEA flowthrough	684,987	0	684,987	0	0	0 0
Depreciation(unallocated)*	300,785	0	0	0	(300,785)	0 (300,785)
	2,382,852	0	684,987	637,843	(1,060,022)	0 (1,060,022)
Total governmental activities	20,076,979	2,026,050	2,283,719	637,843	(15,129,367)	0 (15,129,367)
Business-Type activities:						
Non-instructional programs:						
Nutrition services	957,268	592,508	423,828	0	0	59,068 59,068
Daycare services	634,445	317,612	215,875	0	0	(100,958) (100,958)
Total business-type activities	1,591,713	910,120	639,703	0	0	(41,890) (41,890)
Total	\$ 21,668,692	2,936,170	2,923,422	637,843	(15,129,367)	(41,890) (15,171,257)
General Revenues & Transfers:						
Property tax levied for:						
General purposes				\$ 5,440,343	0	5,440,343
Debt service				972,075	0	972,075
Capital outlay				525,954	0	525,954
Local option sales and service tax				575,209	0	575,209
Unrestricted state grants				8,668,526	0	8,668,526
Unrestricted investment earnings				854,947	13,444	868,391
Other				61,968	0	61,968
Transfers				(2,693)	0	(2,693)
Total general revenues and transfers				17,096,329	13,444	17,109,773
Change in net assets				1,966,962	(28,446)	1,938,516
Net assets beginning of year				15,382,148	590,845	15,972,993
Net assets end of year				\$ 17,349,110	562,399	17,911,509

* This amount excludes the depreciation that is included in the direct expense of various programs

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Capital Projects	Nonmajor Special Revenue	Total
Assets				
Cash and pooled investments	\$ 2,817,768	11,312,955	1,573,176	15,703,899
Receivables:				
Property tax				
Delinquent	67,387	0	28,898	96,285
Succeeding year	5,295,595	0	1,629,991	6,925,586
Accounts	0	24,714	111	24,825
Due from other governments	743,319	664,720	0	1,408,039
Inventories	741,607	0	0	741,607
Total assets	\$ 9,665,676	12,002,389	3,232,176	24,900,241
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 68,542	866,557	115,244	1,050,343
Salaries and benefits payable	1,381,722	0	0	1,381,722
Deferred revenue:				
Succeeding year property tax	5,295,595	0	1,629,991	6,925,586
Total liabilities	6,745,859	866,557	1,745,235	9,357,651
Fund balances:				
Reserved for:				
Debt service	0	0	296,047	296,047
Construction	0	8,855,929	0	8,855,929
Inventories	741,607	0	0	741,607
Community Grants	22,025	0	0	22,025
Beginning teacher mentoring	1,823	0	0	1,823
Salary improvement program	316	0	0	316
Market factor	8,568	0	0	8,568
Market factor incentives	14,115	0	0	14,115
Designated for special purposes by board	22,286	0	0	22,286
Unreserved	2,109,077	2,279,903	1,190,894	5,579,874
Total fund balances	2,919,817	11,135,832	1,486,941	15,542,590
Total liabilities and fund balances	\$ 9,665,676	12,002,389	3,232,176	24,900,241

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2008

Total fund balances of governmental funds (page 17)	\$ 15,542,590
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not report as assets in in the governmental funds.	22,289,877
Blending of the Internal Service Funds to be reflected on an entity-wide basis.	1,683
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(106,117)
Long-term liabilities, including bonds payable, capital loan notes payable, bus loan payable, early retirement payable, and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(20,378,923)
Net assets of governmental activites (page 15)	<u><u>\$ 17,349,110</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Total Special Revenue	Total
REVENUES:				
Local sources:				
Local tax	\$ 5,068,201	0	1,870,171	6,938,372
Local option sales and service tax	0	575,209	0	575,209
Tuition	1,562,124	0	0	1,562,124
Other	359,288	764,029	388,443	1,511,760
Intermediate sources	3,730	0	0	3,730
State sources	10,450,953	607,843	1,320	11,060,116
Federal sources	395,323	0	0	395,323
Total revenues	17,839,619	1,947,081	2,259,934	22,046,634
EXPENDITURES:				
Current:				
Instruction:				
Regular instruction	7,084,776	0	165,164	7,249,940
Special instruction	3,362,616	0	0	3,362,616
Other instruction	1,374,995	0	350,854	1,725,849
	11,822,387	0	516,018	12,338,405
Support services:				
Student services	471,484	0	0	471,484
Instructional staff services	408,062	0	0	408,062
Administration services	2,110,489	16,294	35,031	2,161,814
Operation and maintenance of plant services	1,379,526	0	92,808	1,472,334
Transportation services	836,214	0	32,757	868,971
	5,205,775	16,294	160,596	5,382,665
Other expenditures:				
Facilities acquisitions	0	8,636,480	162,394	8,798,874
Long-term debt:				
Principal	0	0	1,091,140	1,091,140
Interest and fiscal charges	0	0	860,050	860,050
AEA flowthrough	684,987	0	0	684,987
	684,987	8,636,480	2,113,584	11,435,051
Total expenditures	17,713,149	8,652,774	2,790,198	29,156,121
Excess(deficiency) of revenues over(under) expenditures	126,470	(6,705,693)	(530,264)	(7,109,487)
Other financing sources(uses):				
Transfers in	0	0	997,868	997,868
Transfers out	0	(624,500)	(376,061)	(1,000,561)
Total other financing sources(uses)	0	(624,500)	621,807	(2,693)
Net change in fund balances	126,470	(7,330,193)	91,543	(7,112,180)
Fund balances beginning of year	2,793,347	18,466,025	1,395,398	22,654,770
Fund balances end of year	\$ 2,919,817	11,135,832	1,486,941	15,542,590

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2008

Net change in fund balances - total governmental funds (page 19) \$ (7,112,180)

*Amounts reported for governmental activities in the
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 8,415,896	
Depreciation expense	<u>(482,325)</u>	7,933,571

Net change in Internal Service Funds charged back against expenditures made for the flex benefit program at an entity-wide basis. 503

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.

Repaid	1,091,140
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 9,021

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement	\$ 55,732	
Compensated absences	<u>(10,825)</u>	44,907

Changes in net assets of governmental activities (page 16) \$ 1,966,962

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	School Nutrition	Day Care	Total	
Assets				
Cash and pooled investments	\$ 430,712	14,368	445,080	1,683
Receivables:				
Accounts	1,441	6,060	7,501	0
Due from other governments	0	17,348	17,348	0
Inventories	30,877	18,772	49,649	0
Capital assets, net of accumulated depreciation(Note 4)	85,728	3,222	88,950	0
Total assets	548,758	59,770	608,528	1,683
Liabilities				
Current liabilities:				
Accounts payable	118	361	479	0
Salaries and benefits payable	4,395	23,935	28,330	0
Unearned revenue	17,320	0	17,320	0
Total liabilities	21,833	24,296	46,129	0
Net assets				
Investment in capital assets	85,728	3,222	88,950	0
Unrestricted	441,197	32,252	473,449	1,683
Total net assets	\$ 526,925	35,474	562,399	1,683

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	School Nutrition	Day Care	Total	
OPERATING REVENUE:				
Local sources:				
Charges for services	\$ 592,508	317,612	910,120	16,054
OPERATING EXPENSES:				
Non-instructional programs:				
Salaries	314,385	480,813	795,198	0
Benefits	50,364	97,150	147,514	15,551
Services	9,467	1,445	10,912	0
Supplies	565,731	54,623	620,354	0
Depreciation	15,224	414	15,638	0
TOTAL OPERATING EXPENSES	955,171	634,445	1,589,616	15,551
OPERATING LOSS	(362,663)	(316,833)	(679,496)	503
NON-OPERATING REVENUES:				
State sources	11,025	0	11,025	0
Federal sources	412,803	215,875	628,678	0
Interest on investments	12,973	471	13,444	0
TOTAL NON-OPERATING REVENUES	436,801	216,346	653,147	0
Net income(loss) before other financing uses	74,138	(100,487)	(26,349)	503
Other financing uses:				
Loss on asset disposal	(2,097)	0	(2,097)	0
Net income(loss)	72,041	(100,487)	(28,446)	503
Net assets beginning of year	454,884	135,961	590,845	1,180
Net assets end of year	\$ 526,925	35,474	562,399	1,683

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	School Nutrition	Day Care	Total	
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 586,903	0	586,903	0
Cash received from miscellaneous operating activities	5,845	313,942	319,787	16,054
Cash payments to employees for services	(364,619)	(573,233)	(937,852)	(15,551)
Cash payments to suppliers for goods or services	(521,225)	(56,059)	(577,284)	0
Net cash provided by(used in) operating activities	(293,096)	(315,350)	(608,446)	503
Cash flows from non-capital financing activities:				
State grants received	11,025	0	11,025	0
Federal grants received	357,483	215,875	573,358	0
Net cash provided by non-capital financing activities	368,508	215,875	584,383	0
Cash flows from capital and related financing activities:				
Purchase of capital assets	(13,921)	0	(13,921)	0
Cash flows from investing activities:				
Interest on investments	12,973	471	13,444	0
Net increase(decrease) in cash and cash equivalents	74,464	(99,004)	(24,540)	503
Cash and cash equivalents at beginning of year	356,248	113,372	469,620	1,180
Cash and cash equivalents at end of year	\$ 430,712	14,368	445,080	1,683
Reconciliation of operating loss to net cash used in operating activities:				
Operating gain(loss)	\$ (362,663)	(316,833)	(679,496)	503
Adjustments to reconcile operating loss to net cash used in operating activities:				
Commodities consumed	55,320	0	55,320	0
Depreciation	15,224	414	15,638	0
Increase in inventories	(1,465)	(249)	(1,714)	0
Increase in accounts receivable	(1,301)	(3,670)	(4,971)	0
Increase in accounts payable	118	258	376	0
Increase in salary and benefits payable	130	4,730	4,860	0
Increase in unearned revenue	1,541	0	1,541	0
Net cash used in operating activities	\$ (293,096)	(315,350)	(608,446)	503
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:				
Current assets:				
Cash and pooled investments	\$ 430,712	14,368	445,080	1,683
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				

During the year ended June 30, 2008, the District received Federal commodities valued at \$55,320.

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	<u>Private Purpose Trust Scholarship</u>	<u>Agency</u>
ASSETS		
Cash and pooled investments	<u>\$ 5,882</u>	<u>16,064</u>
LIABILITIES		
Accounts payable	0	34
Due to other groups	<u>0</u>	<u>16,030</u>
Total liabilities	<u>0</u>	<u>16,064</u>
NET ASSETS	<u>\$ 5,882</u>	<u>0</u>

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2008

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Interest	\$ 334
Contributions	4,355
Total additions	<u>4,689</u>
Deductions:	
Non-instructional programs:	
Scholarships awarded	<u>1,500</u>
Change in net assets before other financing sources	3,189
Other financing sources:	
Transfer in	<u>2,693</u>
Change in net assets	5,882
Net assets beginning of year	<u>0</u>
Net assets end of year	<u><u>\$ 5,882</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

GLENWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(1) **Summary of Significant Accounting Policies**

The Glenwood Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of Glenwood, Iowa, and the predominate agricultural territory in Pottawattamie and Mills counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Glenwood Community School District has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Glenwood Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Pottawattamie and Mills Counties Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following nonmajor proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund, the Enterprise, Day Care Fund and the Internal Service Fund.

The School Nutrition Fund is used to account for the food service operations of the District. The Day Care Fund is used to account for the child care operations of the District. The Internal Service Fund is used to account for the District's flex benefit programs.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are

incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute,

the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Land improvements	2,500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-12 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2008 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 12,471,784</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Services.

(3) **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Physical Plant and Equipment Levy	\$ 373,368
Debt Service	Capital Projects	624,500
Non-Expendable Trust	Expendable Trust	<u>2,693</u>
Total		<u>\$ 1,000,561</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 605,599	0	0	605,599
Construction in progress	2,334,361	8,222,823	0	10,557,184
Total capital assets not being depreciated	2,939,960	8,222,823	0	11,162,783
Capital assets being depreciated:				
Buildings	14,909,205	30,000	0	14,939,205
Land improvements	264,816	0	0	264,816
Machinery and equipment	2,591,073	163,073	55,500	2,698,646
Total capital assets being depreciated	17,765,094	193,073	55,500	17,902,667
Less accumulated depreciation for:				
Buildings	4,066,992	287,544	0	4,354,536
Land improvements	200,055	13,241	0	213,296
Machinery and equipment	2,081,701	181,540	55,500	2,207,741
Total accumulated depreciation	6,348,748	482,325	55,500	6,775,573
Total capital assets being depreciated, net	11,416,346	(289,252)	0	11,127,094
Governmental activities capital assets, net	\$ 14,356,306	7,933,571	0	22,289,877

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 331,897	13,921	6,025	339,793
Less accumulated depreciation	239,133	15,638	3,928	250,843
Business-type activities capital assets, net	\$ 92,764	(1,717)	2,097	88,950

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 18,619
Support services:	
Instructional staff services	3,723
Administration	4,928
Operation and maintenance of plant services	22,796
Transportation	131,474
Unallocated depreciation	181,540
Total governmental activities depreciation expense	\$ 482,325
Business-type activities:	
Food services	\$ 15,224
Day care	414
Total business-type activities depreciation expense	\$ 15,638

(5) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 21,030,000	0	730,000	20,300,000	745,000
Capital Loan Notes	305,000	0	305,000	0	0
Bus Loans	56,140	0	56,140	0	0
Early Retirement	95,208	39,476	95,208	39,476	39,476
Compensated Absences	28,622	39,447	28,622	39,447	39,447
Total	\$ 21,514,970	78,923	1,214,970	20,378,923	823,923

Bonds Payable

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 1, 2006			Bond Issue of June 15, 2006		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2009	4.50 % \$	340,000	75,569	4.00 % \$	125,000	397,157
2010	4.50	350,000	60,269	4.00	10,000	392,157
2011	4.50	365,000	44,519	4.00	130,000	391,757
2012	3.63	380,000	28,094	4.00	135,000	386,558
2013-2017	3.63	395,000	14,319	4.00	2,495,000	1,746,789
2018-2022	-	-	-	4-4.05	3,515,000	1,134,145
2023-2027	-	-	-	4.10	3,380,000	353,625
Total		\$ 1,830,000	222,770		\$ 9,790,000	4,802,188

Bond Issue of October 1, 2002			Bond Issue of June 1, 2007			Total	
Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest
3.30 % \$	200,000	13,775	4.00 % \$	80,000	331,000	\$ 745,000	817,501
3.50	205,000	7,175	4.00	205,000	327,800	770,000	787,401
-	-	-	4.00	305,000	319,600	800,000	755,876
-	-	-	4.00	310,000	307,400	825,000	722,052
-	-	-	4.00	1,775,000	1,338,400	4,665,000	3,099,508
-	-	-	4.00	2,170,000	953,400	5,685,000	2,087,545
-	-	-	4.00	3,430,000	495,600	6,810,000	849,225
	\$ 405,000	20,950		\$ 8,275,000	4,073,200	\$ 20,300,000	9,119,108

Early Retirement

The District offers a voluntary early retirement plan to all full-time employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to the difference between whatever teaching salary is received in the year in which the employee retires and the beginning BA salary upon leaving the employer multiplied by a percentage based on the employee's age. The cost of early retirement benefits paid during the year ended June 30, 2008, totaled \$95,208.

(6) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007 and 2006. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$708,808, \$621,392 and \$591,261 respectively, equal to the required contributions for each year.

(7) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical, dental and vision.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2008 were \$1,411,129.

Members agree to continue membership in the pool for a period of not less than one full year. After such a period, a member who has given 30 days prior written notice may withdraw.

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District

assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$684,987 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(9) Construction Commitments

The District has entered into construction contracts totaling \$18,553,739 for the construction of a new high school. As of June 30, 2008, the District has paid \$9,068,284 towards these contracts. The remaining \$9,485,455 will be paid as work on the project progresses.

REQUIRED SUPPLEMENTARY INFORMATION

GLENWOOD COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 10,587,465	923,564	11,511,029	12,589,184	12,589,184	(1,078,155)
Intermediate sources	3,730	0	3,730	0	0	3,730
State sources	11,060,116	11,025	11,071,141	12,206,707	12,206,707	(1,135,566)
Federal sources	395,323	628,678	1,024,001	1,201,800	1,201,800	(177,799)
Total revenues	22,046,634	1,563,267	23,609,901	25,997,691	25,997,691	(2,387,790)
Expenditures:						
Instruction	12,338,405	0	12,338,405	15,525,280	15,525,280	3,186,875
Support services	5,382,665	0	5,382,665	6,893,016	6,893,016	1,510,351
Non-instructional programs	0	1,589,616	1,589,616	2,188,014	2,188,014	598,398
Other expenditures	11,435,051	0	11,435,051	26,000,000	26,000,000	14,564,949
Total expenditures	29,156,121	1,589,616	30,745,737	50,606,310	50,606,310	19,860,573
Excess(deficiency) of revenues over(under) expenditures	(7,109,487)	(26,349)	(7,135,836)	(24,608,619)	(24,608,619)	17,472,783
Other financing uses, net	(2,693)	(2,097)	(4,790)	0	0	(4,790)
Excess(deficiency) of revenues over(under) expenditures	(7,112,180)	(28,446)	(7,140,626)	(24,608,619)	(24,608,619)	17,467,993
Balance beginning of year	22,654,770	590,845	23,245,615	24,608,619	24,608,619	(1,363,004)
Balance end of year	\$ 15,542,590	562,399	16,104,989	0	0	16,104,989

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

OTHER SUPPLEMENTARY INFORMATION

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 JUNE 30, 2008

	Special Revenue Funds					
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Total Special Revenue Funds	Debt Service	Total Nonmajor Governmental Funds
Assets						
Cash and pooled investments	\$ 670,342	141,111	481,217	1,292,670	280,506	1,573,176
Receivables:						
Property tax						
Current year delinquent	4,948	0	8,409	13,357	15,541	28,898
Succeeding year	110,000	0	0	110,000	1,519,991	1,629,991
Accounts	0	111	0	111	0	111
Total assets	\$ 785,290	141,222	489,626	1,416,138	1,816,038	3,232,176
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ 0	3,262	111,982	115,244	0	115,244
Deferred revenue						
Succeeding year property tax	110,000	0	0	110,000	1,519,991	1,629,991
Total liabilities	110,000	3,262	111,982	225,244	1,519,991	1,745,235
Fund balances:						
Reserved for debt service	0	0	0	0	296,047	296,047
Unreserved fund balances	675,290	137,960	377,644	1,190,894	0	1,190,894
Total fund balances	675,290	137,960	377,644	1,190,894	296,047	1,486,941
Total liabilities and fund balances	\$ 785,290	141,222	489,626	1,416,138	1,816,038	3,232,176

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008

	Special Revenue Funds						
	Physical				Total	Total	
	Manage-	Student	Equipment	Expendable	Special	Debt	Nonmajor
	ment	Activity	Levy	Trust	Revenue	Service	Governmental
	Levy				Funds		Funds
REVENUES:							
Local sources:							
Local tax	\$ 372,142	0	525,954	0	898,096	972,075	1,870,171
Other	31,389	352,384	2,159	0	385,932	2,511	388,443
State sources	260	0	372	0	632	688	1,320
TOTAL REVENUES	403,791	352,384	528,485	0	1,284,660	975,274	2,259,934
EXPENDITURES:							
Current:							
Instruction:							
Regular instruction	165,164	0	0	0	165,164	0	165,164
Other instruction	0	350,854	0	0	350,854	0	350,854
Support services:							
Administration services	35,031	0	0	0	35,031	0	35,031
Operation and maintenance of plant services	92,808	0	0	0	92,808	0	92,808
Student transportation	32,757	0	0	0	32,757	0	32,757
Other expenditures:							
Facilities acquisitions	0	0	162,394	0	162,394	0	162,394
Long-term debt:							
Principal	0	0	0	0	0	1,091,140	1,091,140
Interest and fiscal charges	0	0	0	0	0	860,050	860,050
TOTAL EXPENDITURES	325,760	350,854	162,394	0	839,008	1,951,190	2,790,198
EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	78,031	1,530	366,091	0	445,652	(975,916)	(530,264)
OTHER FINANCING SOURCES(USES):							
Transfer in	0	0	0	0	0	997,868	997,868
Transfer out	0	0	(373,368)	(2,693)	(376,061)	0	(376,061)
TOTAL OTHER FINANCING SOURCES(USES)	0	0	(373,368)	(2,693)	(376,061)	997,868	621,807
EXCESS(DEFICIENCY) OF REVENUES AND OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES	78,031	1,530	(7,277)	(2,693)	69,591	21,952	91,543
FUND BALANCES BEGINNING OF YEAR	597,259	136,430	384,921	2,693	1,121,303	274,095	1,395,398
FUND BALANCES END OF YEAR	\$ 675,290	137,960	377,644	0	1,190,894	296,047	1,486,941

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Speech MS	\$ 1,671	443	115	1,999
Speech HS	0	2,000	1,325	675
Music MS	1,218	443	235	1,426
Musical HS	1,075	2,069	1,537	1,607
Vocal Music HS	11,902	14,000	8,752	17,150
Show Choir	8,197	2,858	5,994	5,061
Band MS	8	594	589	13
Band HS	3,286	27,263	26,037	4,512
Band Trip	3,606	8,196	4,627	7,175
Athletics	1,194	143,975	145,169	0
Cross County - Boys	893	0	46	847
Cross County - Girls	1,419	0	518	901
Basketball - Boys	0	66	0	66
Football	2,061	1,380	2,983	458
Soccer - Boys	1,216	2,819	1,508	2,527
Baseball	3,293	119	1,481	1,931
Track - Boys	2,783	675	819	2,639
Tennis - Boys	255	0	0	255
Wrestling	1,740	2,207	1,588	2,359
Basketball - Girls	893	0	893	0
Volleyball	3,242	740	1,815	2,167
Soccer - Girls	376	0	0	376
Softball	1,396	0	362	1,034
Softball Complex	971	0	0	971
Track - Girls	1,528	0	1,528	0
Annual HS	8,242	7,404	7,486	8,160
Annual MS	6,010	5,002	4,286	6,726
National Art	168	764	177	755
Black and Gold	2,373	1,705	794	3,284
Building Bridges	230	0	0	230
Cheerleaders HS	2,055	5,498	5,203	2,350
Dance Team	288	1,643	1,261	670
Chess Club HS	324	0	0	324
Class of 2008	343	0	343	0
Class of 2009	40	13,194	13,111	123
FBLA	65	0	0	65
FFA	1,828	13,144	11,903	3,069
FCA	89	0	0	89
Fragments	76	39	59	56

GLENWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Foreign Language	316	327	421	222
FCCLA	2,569	5,141	6,188	1,522
Book Fair	0	4,168	3,999	169
Peer Tutoring	2	0	0	2
REACH	289	310	326	273
Builders Club	461	397	496	362
SW Honor Band	46	1,900	0	1,946
Comm Prev Group	17	0	0	17
Student Council MS	2,004	1,204	1,416	1,792
Media Book Club	473	0	0	473
Key Club	86	0	0	86
Student Council HS	1,737	4,302	3,553	2,486
Special 21	13,433	9,117	5,568	16,982
Library HS	265	0	265	0
NE Elementary	8,604	25,868	27,160	7,312
Ram Shack	2,433	0	863	1,570
Uniform Clean MS	59	0	0	59
Uniform Clean HS	2,399	1,429	1,287	2,541
Vending Trans	177	173	167	183
Vending MS	1,884	1,328	1,831	1,381
Vending HS	3,755	6,648	9,927	476
Weight Room	24	0	0	24
Vocal Robe Clean	5,238	1,210	693	5,755
Vending Bldg Brdg	3,976	501	3,000	1,477
West Elementary	9,829	30,121	31,150	8,800
Total	\$ 136,430	352,384	350,854	137,960

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET FOR CAPITAL PROJECT FUND
 JUNE 30, 2008

Capital Projects Fund			
	Building Projects	Local Option Sales Tax	Total
Assets			
Cash and pooled investments	\$ 9,697,111	1,615,844	11,312,955
Receivables:			
Accounts	24,714	0	24,714
Due from other governments	0	664,720	664,720
Total assets	\$ 9,721,825	2,280,564	12,002,389
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 865,896	661	866,557
Total liabilities	865,896	661	866,557
Fund balances:			
Reserved for construction	8,855,929	0	8,855,929
Unreserved fund balance	0	2,279,903	2,279,903
Total fund balances	8,855,929	2,279,903	11,135,832
Total liabilities and fund balances	\$ 9,721,825	2,280,564	12,002,389

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 CAPITAL PROJECT FUND
 YEAR ENDED JUNE 30, 2008

	Capital Project Fund		
	Building Projects	Local Option Sales Tax	Total
REVENUES:			
Local sources:			
Local option sales and service tax	\$ 0	575,209	575,209
Interest on investments	725,652	8,377	734,029
Donations	30,000	0	30,000
State sources	0	607,843	607,843
TOTAL REVENUES	755,652	1,191,429	1,947,081
EXPENDITURES:			
Current:			
Support services:			
Administration services	16,294	0	16,294
Other expenditures:			
Facilities acquisitions	8,213,622	422,858	8,636,480
TOTAL EXPENDITURES	8,229,916	422,858	8,652,774
EXCESS(DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(7,474,264)	768,571	(6,705,693)
OTHER FINANCING USES:			
Transfer out to debt service	0	(624,500)	(624,500)
EXCESS(DEFICIENCY) OF REVENUES AND OVER(UNDER) EXPENDITURES AND OTHER FINANCING USES	(7,474,264)	144,071	(7,330,193)
FUND BALANCES BEGINNING OF YEAR	16,330,193	2,135,832	18,466,025
FUND BALANCES END OF YEAR	\$ 8,855,929	2,279,903	11,135,832

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUND
 YEAR ENDED JUNE 30, 2008

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 14,773	128,475	127,184	16,064
LIABILITIES				
Accounts payable	200	34	200	34
Due to other groups	14,573	128,441	127,184	16,030
TOTAL LIABILITIES	\$ 14,773	128,475	127,384	16,064

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 JUNE 30, 2008

	Private Purpose Trust - Scholarship Fund					
	Edmundson Scholarship	Buffington Scholarship	Pepsi Scholarship	Freedom Scholarship	Martha Winum Memorial	Superintendent Scholarship
ASSETS						Total
Cash and pooled investments	\$ 886	334	159	525	2,855	1,123
						5,882
LIABILITIES						
	0	0	0	0	0	0
NET ASSETS						
Reserved for scholarships	\$ 886	334	159	525	2,855	1,123
						5,882

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
YEAR ENDED JUNE 30, 2008

	Private Purpose Trust - Scholarship Fund						
	Edmundson Scholarship	Buffington Scholarship	Pepsi Scholarship	Freedom Scholarship	Martha Winum Memorial	Superintendent Scholarship	Uehling-Miller Scholarship Total
REVENUES:							
Local sources:							
Gifts and contributions	\$ 0	1,000	0	0	2,855	0	500 4,355
Interest income	0	334	0	0	0	0	0 334
	0	1,334	0	0	2,855	0	500 4,689
EXPENDITURES:							
Instruction:							
Regular instruction:	0	1,000	0	0	0	0	500 1,500
Scholarships awarded							
	0	334	0	0	2,855	0	0 3,189
OTHER FINANCING SOURCES:							
Transfers in	886	0	159	525	0	1,123	0 2,693
Changes in net assets	886	334	159	525	2,855	1,123	0 5,882
Net assets beginning of year	0	0	0	0	0	0	0 0
Net assets end of year	\$ 886	334	159	525	2,855	1,123	0 5,882

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST FIVE YEARS

	Modified Accrual Basis			
	Years Ended June 30,			
	2008	2007	2006	2004
Revenues:				
Local sources:				
Local tax	\$ 7,513,581	7,006,981	6,362,743	6,689,807
Tuition	1,562,124	1,390,963	1,241,834	1,220,022
Other	1,511,760	1,219,101	738,487	599,906
Intermediate sources	3,730	907	0	3,340
State sources	11,060,116	10,662,945	9,365,348	8,794,897
Federal sources	395,323	402,579	508,779	886,886
Total	\$ 22,046,634	20,683,476	18,217,191	18,194,858
				16,952,156
Expenditures:				
Instruction:				
Regular instruction	\$ 7,249,940	6,547,023	6,331,639	6,149,662
Special instruction	3,362,616	3,018,858	2,753,613	2,677,056
Other instruction	1,725,849	1,662,938	1,763,825	1,767,899
Support services:				
Student services	471,484	456,478	427,469	253,499
Instructional staff services	408,062	442,057	377,647	470,012
Administration services	2,161,814	2,124,577	1,814,010	1,502,756
Operation and maintenance of plant services	1,472,334	1,542,272	1,347,271	1,296,220
Transportation services	868,971	995,306	932,399	821,126
Central support services	0	0	0	0
Non-instructional programs	0	0	0	193
Other expenditures:				
Facilities acquisitions	8,798,874	2,102,068	825,452	758,985
Long-term debt:				
Principal	1,091,140	848,978	806,900	730,000
Interest and other charges	860,050	532,392	327,949	221,687
AEA flow-through	684,987	621,697	580,112	551,814
Total	\$ 29,156,121	20,894,644	18,288,286	17,200,909
				16,601,373

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
FOOD DISTRIBUTION (non-cash)	10.550	FY 08	\$ 55,320
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 08	48,556
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 08	273,293
SUMMER FOOD PROGRAM FOR CHILDREN	10.559	FY 08	35,634
			<u>357,483</u>
CHILD AND ADULT CARE FOOD PROGRAM	10.558	FY 08	<u>22,945</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	2511-G	<u>167,216</u>
SAFE AND DRUG - FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 08	<u>9,045</u>
STATE GRANTS FOR INNOVATIVE PROGRAMS	84.298	FY 08	<u>2,498</u>
SPECIAL EDUCATION - STATE PROGRAM IMPROVEMENT GRANTS FOR CHILDREN WITH DISABILITIES	84.323	FY 08	<u>771</u>
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 08	<u>61,410</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI A)	84.369	FY 08	<u>14,357</u>
IOWA WESTERN COMMUNITY COLLEGE:			
VOCATIONAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 08	<u>13,186</u>

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT(CONTINUED):			
DEPARTMENT OF EDUCATION(CONTINUED):			
LOESS HILLS AEA 13:			
SPECIAL EDUCATION - GRANTS TO			
STATE(PART B)	84.027	FY 08	<u>107,764</u>
INDIVIDUALS WITH DISABILITIES ACT			
(IDEA SUBGRANTS)	84.027	FY 08	<u>1,080</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
IOWA DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
CHILD CARE AND DEVELOPMENT BLOCK			
GRANT - WRAP AROUND GRANT	93.575	FY 08	<u>192,930</u>
TOTAL			<u>\$ 1,006,005</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Glenwood Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3050
Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of the
Glenwood Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Glenwood Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 5, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Glenwood Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Glenwood Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Glenwood Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Glenwood Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Glenwood Community School District's financial statements that is more than inconsequential will not be prevented or detected by Glenwood Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Glenwood Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-08 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Glenwood Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Glenwood Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Glenwood Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Glenwood Community School District and other parties to whom Glenwood Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Glenwood Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

January 5, 2009

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3050
Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Glenwood Community School District

Compliance

We have audited the compliance of Glenwood Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Glenwood Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Glenwood Community School District's management. Our responsibility is to express an opinion on Glenwood Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Glenwood Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Glenwood Community School District's compliance with those requirements.

In our opinion, Glenwood Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Glenwood Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Glenwood Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Glenwood Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-08 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-08 to be a material weakness.

Glenwood Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Glenwood Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Glenwood Community School District and other parties to whom Glenwood Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.


NOLTE, CORNMAN & JOHNSON, P.C.

January 5, 2009

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over major programs were disclosed by the audit of the financial statements, including a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 - Summer Food Program for Children
 - Individual
 - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Glenwood Community School District did not qualify as a low-risk auditee.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

II-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

II-B-08 Student Activity Fund - We noted during the audit that Target donations and picture commissions were being receipted into the Student Activity Fund.

Recommendation - Currently, Target donations are receipted into elementary, middle school and vending accounts which are then used for field trips. Target donations are considered an undesignated donation; therefore, they should be receipted into the General Fund for use as determined by the District's Board of Directors. Currently, the Board of Directors designates a purpose but does not include the designation annually in the board minutes. In the future, the designated purpose for Target donations should be noted in the board minutes.

The District currently receipts picture commissions to the High School Vending account in the Student Activity Fund. Under Dillon's Rule, there is no statutory requirement or authority to record the revenue in another fund other than the General Fund. The General Fund would be the appropriate fund to receipt commission revenues. In the future, picture commissions should be receipted to the General Fund.

The District should review the receipting process to ensure commissions are placed in the appropriate fund.

Response - The District will change their policy and Target donations will be receipted into the General Fund.

Conclusion - Response accepted.

II-C-08 Exclusive Vendor Contract - We noted during the audit that within the Student Activity Fund and the Nutrition Fund there was revenue received from an exclusive vendor contract with Pepsi.

Recommendation - According to guidance provided by the Iowa Department of Education, the Auditor of State and the Attorney General's Opinion dated February 15, 2000, the exclusive vendor contract is allowable, but the revenue from the exclusive vendor contract must be recorded only in the District's General Fund. Under Dillon's Rule, there is no statutory requirement or authority to record the revenue in another fund other than the General Fund.

Once exclusive vendor contract revenues are recorded in the General Fund, they can be subsequently spent for purposes including athletics, other extracurricular activities or Nutrition Fund activities to the extent the expenditure would be allowable and appropriate from the General Fund.

Response - The contract with Pepsi expires July 1, 2009. We received final payment of the exclusive vendor part of the contract on January 1, 2008. We are currently renegotiating the contract with Pepsi and if the new contract contains an exclusive vendor portion, we will follow guidelines set by the Department of Education, Auditor of State and the Attorney General's Opinion dated February 15, 2000.

Conclusion - Response accepted.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program and
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.559: Summer Food Program for Children
Federal Award Year: 2008
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.010: Title I Grants to Local Educational Agencies
Federal Award Year: 2008
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will investigate available alternatives and implement as soon as possible.

Conclusion - Response accepted.

GLENWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-08 Certified Budget - District disbursements for the year ended June 30, 2008, did not exceed the amount budgeted.

IV-B-08 Questionable Disbursements - We noted during our audit that the District gave gift certificates to individual students from the Student Activity Fund as incentive prizes for being top sellers for fundraising efforts conducted on behalf of the District. Gift certificates as incentive prizes do not appear to meet the guidelines for public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures in place, and make necessary adjustments to comply.

Response - The District will no longer give gift certificates to students as prizes.

Conclusion - Response accepted.

IV-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-08 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Aaron Aistrope, Bus Driver Son of owner of Aistrope Agency Inc.	Property Insurance	\$225,647

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the spouses, parents and children of the employees do not appear to represent a conflict of interest.

IV-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-08 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-08 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-08 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.